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SUBJECT: SENATOR COLEMAN DISCUSSES INVESTMENT IN IRAQ

Classified By: Economic Minister-Counselor Daniel Weygandt for reasons
1.4 (b) and (d).

¶1. (C) Summary: Senator Coleman (R-MN) met with the Chair of the National Investment Commission Dr. Abbas Mehdi on April 21, who described a lack of GOI support for a professional and effective Commission. Senator Coleman noted the importance of the development of the private sector and offered support, while emphasizing the limitations of outside pressure on internal Iraqi decisions. Dr. Mehdi raised concerns about pro-Iranian parts of the GOI wanting control over the National Investment Commission. End summary.

Few Resources, and Political Pressure

¶2. (C) "My only condition when I took this job," Dr. Mehdi said, "was that I could participate in the selection of other board members, in order to ensure that they are qualified." Since giving the Prime Minister a list of names Dr. Mehdi has been encouraged to resign from his position, even before his appointment is brought to the Council of Representatives. Dr. Mehdi thinks that he has the PM's support, but that the people around the PM are not giving him good advice.

¶3. (C) Dr. Mehdi expressed frustration with the lack of support from the government for the commission which is responsible for developing the by-laws and implementing regulations of the Investment Commission. Since his appointment on February 8 he has received no further support; he does not have a budget or an office with phone, in spite of assurances by the PM that support is forthcoming. Dr. Mehdi said that the Office of the Prime Minister kept sending him people to hire as advisors. One man said that he had a master's degree, but upon reviewing his papers Dr. Mehdi could only see documentation of a high school degree. In explanation, Dr. Mehdi recounted, the applicant said that his years of struggle against Saddam Hussein's regime should count at least as much as a master's degree.

Request for US Support

¶4. (C) Dr. Mehdi requested US support to help him establish a non-partisan commission with qualified candidates. Senator Coleman said that he admired Dr. Mehdi's dedication, and would provide support to the extent he could. He noted, however, that the Iraqi government will determine Dr. Mehdi's daily environment, and outside pressure would have a limited effect.

¶5. (C) Dr. Mehdi later told econoff that he is concerned that pro-Iranian elements in the government are behind the pressure he is feeling at the National Investment Commission. "They understand how important this commission can be to Iraq's economic growth and the development of the private

sector", he said, "and they think I will attract too much American investment, rather than looking to Iran."

¶6. (C) Senator Coleman also discussed the Investment Law with Deputy Prime Minister Barham Salih at a dinner at the Chief of Mission residence on April 21. The DPM expressed disappointment over the delay of the appointment of the Investment Commission, saying that there has been "some micromanagement" that added to the delays. He added, however, that pressure on Baghdad from the provincial governors to act quickly to implement the law had intensified, which he hoped would help move the process forward. He noted that the process of setting up the commission had become a "political process," but that the development of regional and provincial investment promotion organizations had been more effective.

¶7. (C) DPM Barham Salih acknowledged that security was a challenge for investment promotion in many parts of Iraq, but added that some areas, such as Najaf, Karbala and Basra are "ready to receive investments." He cautioned, however, that local power struggles, such as the confusion over who has real control over the port at Umm Qasr, may create additional barriers to investment.

¶8. (U) Senator Coleman did not have the opportunity to clear this message.
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